

Future Electronics Limited

Financial Statements and Accounts

31 December 1998

Registered No. 2087867



Future Electronics Limited

DIRECTORS

D G Casey (Chairman)

E M O'Kelly

SECRETARY

Abogado Nominees Limited

AUDITORS

Ernst & Young

Apex Plaza

Reading

RG1 1YE

BANKERS

National Westminster Bank PLC

118 High Street

Slough

SL1 1JQ

Barclays Bank PLC

Slough Business Centre

PO Box Number 756

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Slough

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SOLICITORS

Baker & McKenzie

100 New Bridge Street

London

EC4V 6JA

REGISTERED OFFICE

Future House

Poyle Road

Colnbrook

Slough

SL3 OAA

Future Electronics Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £1,818,535 (1997: £5,336,363). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity continued to be the distribution of electronic components. Turnover has increased by 41.6% to £124,917,973 during the year and the directors believe that this trend will continue.

FUTURE DEVELOPMENTS

The company is committed to further strengthening its market position across Europe and continues to invest in improving its efficiency and effectiveness in all locations to achieve that aim.

EVENTS SINCE THE BALANCE SHEET DATE

On 31 March 1999 a further £1,500,000 was contributed to the company's paid up share capital by Future Electronics Inc. There were no other significant events affecting the company since the date of the balance sheet.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are listed on page 2.

The directors at 31 December 1998 held no interest in the share capital of the company or the group companies.

HEALTH AND SAFETY OF EMPLOYEES

The directors give special attention to the health and safety of their employees and endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

During the year, the policy of providing employees with information about the company has continued. Regular meetings are held between management and employees to allow a free flow of information and ideas.

YEAR 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

Future Electronics Limited

DIRECTORS' REPORT

Systems critical to the company's ongoing operations and preparation of financial information (including application systems, operating systems and hardware), as well as other non-financial computing and date dependent systems on which the company relies in its operations, have been reviewed to establish the impact, if any, which the Year 2000 will have on the accuracy of their calculations, processing and reporting. There are plans in place designed to enhance our computer and other systems prior to 31 December 1999 which, when implemented, should ensure that the impact of the Year 2000 problem will not create significant errors in accounting records or adversely impact operations or customer service. The total anticipated costs of modifications are not significant and will be subsumed into the recurring activities of the departments involved.

IMPACT OF THE EURO

The company has adopted the Euro as a trading currency similar to the many others it already traded in; the company's records are not maintained in Euro. Total anticipated costs to allow for the adoption of the Euro are not significant and will be subsumed into the recurring activities of the departments involved.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

On behalf of the board on 25 May 1999

A handwritten signature in black ink, consisting of a stylized 'B' followed by a horizontal line and a diagonal stroke.

Future Electronics Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Future Electronics Limited

We have audited the accounts on pages 7 to 19, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

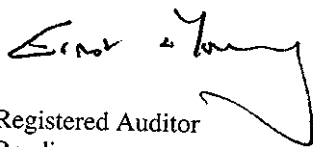
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Reading

24 June 1999

Future Electronics Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1998

	Notes	1998 £	1997 as restated £
TURNOVER			
Cost of sales	2	124,917,973 (100,826,304)	88,234,877 (70,335,191)
Gross profit		24,091,669	17,899,686
Distribution costs		(18,600,506)	(15,599,433)
Administrative expenses (see note below)		(5,018,995)	(6,889,037)
Exceptional administrative expenses	3	(1,636,766)	-
Total administrative expenses		(6,655,761)	(6,889,037)
Other operating income		(1,164,598) 226,672	(4,588,784) 170,518
OPERATING LOSS			
Bank interest receivable	3	(937,926)	(4,418,266)
Interest payable	6	146,885 (1,027,494)	21,400 (934,084)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			
Tax on loss on ordinary activities	7	(1,818,535) -	(5,330,950) (5,413)
LOSS FOR THE FINANCIAL YEAR			
Retained loss brought forward		(1,818,535) (8,280,226)	(5,336,363) (2,943,863)
RETAINED LOSS CARRIED FORWARD		(10,098,761)	(8,280,226)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	1998 £	1997 as restated £
Retained loss for the financial year		(1,818,535)	(5,336,363)
Prior year adjustment	8	(904,351)	-
Total gains and losses recognised since last statutory accounts		(2,722,886)	(5,336,363)

Note: Administrative expenses of £5,018,995 and £6,889,037 include foreign exchange gains / (losses) of £1,866,288 and £(228,317) for the years ended 31 December 1998 and 31 December 1997, respectively.

Future Electronics Limited

BALANCE SHEET

For the year ended 31 December 1998

	Notes	1998 £	1997 as restated £
FIXED ASSETS			
Tangible assets			
Investments	9	1,654,910	1,191,500
	10	51,828	51,828
		<u>1,706,738</u>	<u>1,243,328</u>
CURRENT ASSETS			
Stocks - goods for resale		29,500,670	22,600,406
Debtors	11	37,145,473	23,758,867
Cash at bank and in hand		2,425,976	3,427,750
		<u>69,072,119</u>	<u>49,787,023</u>
CREDITORS: amounts falling due within one year	12	(21,867,089)	(16,851,342)
NET CURRENT ASSETS		<u>47,205,030</u>	<u>32,935,681</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>48,911,768</u>	<u>34,179,009</u>
CREDITORS: amounts falling due after more than one year	13	(1,934,588)	(28,783,294)
NET ASSETS		<u>46,977,180</u>	<u>5,395,715</u>
CAPITAL AND RESERVES			
Called up share capital	15	56,200,003	12,800,003
Share premium account	16	875,938	875,938
Profit and loss account	16	(10,098,761)	(8,280,226)
SHAREHOLDERS' FUNDS - ALL EQUITY	17	<u>46,977,180</u>	<u>5,395,715</u>

On behalf of the board on **25** May 1999

Director



Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

	Notes	1998 £	1997 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	18	(15,766,015)	(18,633,285)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		146,885	21,400
Interest paid		(1,027,494)	(934,084)
		<u>(880,609)</u>	<u>(912,684)</u>
TAXATION			
Corporation tax paid		-	(12,401)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(1,106,127)	(571,701)
NET CASH OUTFLOW BEFORE FINANCING		<u>(17,752,751)</u>	<u>(20,130,071)</u>
FINANCING			
Issue of ordinary share capital		43,400,000	4,000,000
(Decrease)/Increase in amounts owed to Future Electronics Inc.	18	(26,821,046)	18,063,835
Repayment of obligations under finance leases	18	(27,894)	(84,861)
		<u>16,551,060</u>	<u>21,978,974</u>
(DECREASE)/INCREASE IN CASH		<u>(1,201,691)</u>	<u>1,848,903</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
(Decrease)/Increase in cash in the year		(1,201,691)	1,848,903
Cash outflow/(inflow) from movement in amounts due to Future Electronics Inc. and lease financing		26,848,940	(17,978,974)
Change in net debt resulting from cash flows	18	<u>25,647,249</u>	<u>(16,130,071)</u>
MOVEMENT IN NET DEBT		<u>25,647,249</u>	<u>(16,130,071)</u>
NET DEBT AT 1 JANUARY	18	(25,469,939)	(9,339,868)
NET FUNDS/(DEBT) AT 31 DECEMBER	18	<u>177,310</u>	<u>(25,469,939)</u>

Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

1 ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounts have been prepared on a going concern basis as the company's ultimate parent undertaking has agreed to subordinate its debt in favour of other creditors.

Tangible fixed assets and depreciation

All tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Short leasehold improvements	5 years
Computer equipment	4 years
Equipment and fixtures	5 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investments

Fixed asset investments are stated at cost less any amounts written off for diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is purchase price less trade discounts and is computed on a first in first out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet at 31 December 1998 and 1997.

Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

Leasing and hire purchase commitments (continued)

The interest element of the rental obligation is charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals paid and payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Reclassifications

Prior year turnover and cost of sales amounts in the profit and loss account have been increased by £17,521,395 in order to conform with the current year's presentation. The increase represents inter-company turnover and corresponding cost of sales.

2 TURNOVER

Turnover represents the amounts derived from the provision of goods supplied by the company, net of value added tax and trade discounts. All turnover arises from continuing operations.

An analysis of turnover by geographical market of destination has not been provided on the grounds that, in the opinion of the directors, it would be seriously prejudicial to the interests of the company.

3 OPERATING LOSS

	1998 £	1997 £
Operating loss is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
- owned by the company	595,197	443,702
- held under finance leases and hire purchase contracts	47,520	47,520
Auditors' remuneration		
- audit services	33,000	36,000
- other services	6,000	32,122
Operating lease rentals		
- motor vehicles	170,063	374,237
- land and buildings	936,390	793,845
Foreign exchange loss/(gain)	(1,866,288)	228,317
Exceptional item	1,636,766	-
	<u>185,973</u>	<u>167,941</u>

The exceptional item arose due to certain inter-company and parent company loans being re-denominated in US dollars rather than Canadian dollars or Sterling. The foreign exchange adjustment of £1,636,766 arose due to the re-translation of the inter-company loans with Future Electronics Inc. and Future Electronics Corp.

4 DIRECTORS' EMOLUMENTS

	1998 £	1997 £
Directors' emoluments	185,973	167,941
	<u>185,973</u>	<u>167,941</u>

Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

5 STAFF COSTS

	1998 £	1997 £
Wages and salaries	9,196,149	7,796,241
Social security costs	885,138	780,389
	<u>10,081,287</u>	<u>8,576,630</u>

The monthly average number of employees (including directors) during the year was as follows:

	1998 No.	1997 No.
Warehouse	78	47
Sales and administration	270	256
	<u>348</u>	<u>303</u>

6 INTEREST PAYABLE

	1998 £	1997 £
On loans from group undertakings	1,017,166	916,341
On bank overdrafts	8,189	10,967
On finance leases and hire purchase contracts	2,139	6,776
	<u>1,027,494</u>	<u>934,084</u>

7 TAXATION ON LOSS ON ORDINARY ACTIVITIES

	1998 £	1997 £
Corporation tax payable/(receivable)	-	-
Under provision in previous year	-	5,413
	<u>-</u>	<u>5,413</u>

8 PRIOR YEAR ADJUSTMENT

An amount of £904,351 has been charged in the profit and loss account as a prior year adjustment on the basis of a fundamental accounting error. The prior year adjustment represents the re-translation of a monetary foreign denominated inter-company account to the exchange rate at 31 December 1997.

Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

9 TANGIBLE FIXED ASSETS

	<i>Short Leasehold Improvements</i>	<i>Computer Equipment</i>	<i>Equipment & Fixtures</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 1998	465,026	1,134,673	966,323	2,566,022
Additions	622,259	300,512	183,356	1,106,127
Disposals	(14,246)	(58,061)	(90,600)	(162,907)
At 31 December 1998	1,073,039	1,377,124	1,059,079	3,509,242
Depreciation:				
At 1 January 1998	218,280	613,058	543,184	1,374,522
Charge for the year	169,222	262,625	210,870	642,717
Disposals	(14,246)	(58,061)	(90,600)	(162,907)
At 31 December 1998	373,256	817,622	663,454	1,854,332
Net Book Value:				
At 31 December 1998	699,783	559,502	395,625	1,654,910
At 31 December 1997	246,746	521,615	423,139	1,191,500

Included in the net book value for equipment and fixtures above is £73,172 (1997: £120,692) relating to leased assets and assets acquired under hire purchase contracts.

10 FIXED ASSET INVESTMENTS

Cost and Net Book Value	£
At 1 January and 31 December 1998	51,828

The company holds 100% of the preferred share capital of FE Future Holding BV, a company incorporated in The Netherlands. The company holds 50% of the voting rights in FE Future Holding BV, which is the holding company for the European subsidiary undertakings.

11 DEBTORS

	1998	1997 <i>as restated</i>
	£	£
Trade debtors	19,968,398	13,227,558
Amounts due from group undertakings	12,694,220	7,908,884
Corporation tax	1,329,818	1,329,818
Other debtors	2,753,686	896,908
Prepayments and accrued income	399,351	395,699
	37,145,473	23,758,867

Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

12 CREDITORS: Amounts falling due within one year

	1998 £	1997 £
Bank overdrafts	618,417	418,500
Obligations under finance leases	-	27,894
Trade creditors	7,704,990	4,867,422
Amounts owed to group undertakings	11,186,850	9,575,434
Other taxes and social security	272,019	287,642
Other creditors	12,505	372
Accruals and deferred income	2,072,308	1,674,078
	<u>21,867,089</u>	<u>16,851,342</u>

13 CREDITORS: Amounts falling due after more than one year

	1998 £	1997 £
Amounts owed to group undertakings	1,630,249	28,451,295
Accruals and deferred income	304,339	331,999
	<u>1,934,588</u>	<u>28,783,294</u>

Accruals and deferred income contain reverse premiums, of which £165,999 (1997: £193,666) will be released after five years.

14 DEFERRED TAXATION

The provided amounts in respect of deferred taxation for 1998 amount to nil (1997: nil). The company has unprovided deferred tax assets arising from significant trading losses carried forward.

15 SHARE CAPITAL

	1998 £	1997 £
<i>Authorised</i>		
Ordinary shares of £1 each	100,000,000	20,000,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	56,200,003	12,800,003

During the year 43,400,000 (1997: 4,000,000) ordinary shares of £1 each were allotted to Future Electronics Inc. fully paid in cash at par to increase the capitalisation of the company.

Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

16 MOVEMENT ON RESERVES

	<i>Share Premium Account £</i>	<i>Profit and Loss Account £</i>
At 1 January 1998	875,938	(7,375,875)
Prior year adjustment	-	(904,351)
As restated	875,938	(8,280,226)
Loss for the year	-	(1,818,535)
At 31 December 1998	875,938	(10,098,761)

17 RECONCILIATION OF SHAREHOLDERS' FUNDS

	<i>1998 £</i>	<i>1997 as restated £</i>
Reconciliation of movements in shareholders' funds:		
Loss for the financial year	(1,818,535)	(4,432,012)
Prior year adjustment	-	(904,351)
Restated loss for the financial year	(1,818,535)	(5,336,363)
New shares issued	43,400,000	4,000,000
Net addition to shareholders' funds	41,581,465	(1,336,363)
Opening shareholders' funds	5,395,715	6,732,078
Closing shareholders' funds	46,977,180	5,395,715

18 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating loss to net cash outflow from operating activities:

	<i>1998 £</i>	<i>1997 as restated £</i>
Operating loss	(937,926)	(4,418,266)
Depreciation charges	642,717	491,222
Increase in stocks	(6,900,264)	(4,336,613)
Increase in debtors	(13,386,606)	(11,591,716)
Increase in creditors	4,816,064	1,222,088
Net cash outflow from operating activities	(15,766,015)	(18,633,285)

Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

18 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of changes in net debt:

	<i>1 January 1998</i>	<i>Cash Flows</i>	<i>Non-cash Movements</i>	<i>31 December 1998</i>
	£	£	£	£
Cash at bank and in hand	3,427,750	(1,001,774)	-	2,425,976
Bank overdrafts	(418,500)	(199,917)	-	(618,417)
Amounts owed to Future Electronics Inc.	(28,451,295)	26,821,046	-	(1,630,249)
Obligations under finance leases	(27,894)	27,894	-	-
Total	(25,469,939)	25,647,249	-	177,310

19 OPERATING LEASE COMMITMENTS

At 31 December 1998, the Company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and Buildings</i>		<i>Other</i>	
	<i>1998</i>	<i>1997</i>	<i>1998</i>	<i>1997</i>
	£	£	£	£
Operating leases which expire:				
Within one year	924,908	725,353	1,030,334	142,429
In two to five years	3,661,872	2,280,755	1,227,560	107,588
In over five years	10,889,925	4,453,918	-	-
	15,476,705	7,460,026	2,257,894	250,017

20 RELATED PARTY TRANSACTIONS

Mr Miller is the ultimate controller of Future Electronics Limited and of the following companies whose ultimate parent undertaking is also Future Electronics Inc. During the year, the company entered into the following related party transactions, in the ordinary course of business:

	<i>Country of operation</i>	<i>1998</i>	<i>1997</i>
		£	£
<i>Sales to related parties</i>			
<i>Related party</i>			
Future Electronics Corp.	USA	10,883,223	10,114,884
Future Electronics Inc. (Distribution) PTE Ltd.	Singapore	1,468,514	928,149
Future Electronics A.S.	Norway	1,584,847	230,211
Future Electronics Sp. Z.o.o.	Poland	827,113	89,303
Future Electronics Deutschland GmbH	Germany	25,315,364	17,521,395
		40,079,061	28,883,942

Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

20 RELATED PARTY TRANSACTIONS (CONTINUED)

Purchases from related parties

Related party

Future Electronics Corp.

Future Electronics Inc. (Distribution) PTE Ltd

<i>Country of operation</i>	<i>1998</i> £	<i>1997</i> £
USA	35,017,826	22,742,269
Singapore	828,646	462,569
	<u>35,846,472</u>	<u>23,204,838</u>

Loan interest payable to related parties

Related party

Future Electronics Corp.

F.E. Future Holding B.V.

<i>Country of operation</i>	<i>1998</i> £	<i>1997</i> £
USA	840,419	558,272
Netherlands	176,747	358,069
	<u>1,017,166</u>	<u>916,341</u>

Sales commission payable to related parties

Related party

Future Electronics S.A.

F.A.I. Electronics S.A.R.L.

Future Electronics S.r.L.

Future Electronics (Ireland) Limited

Future Electronics A/S

Future Electronics B.V.

Future Electronics Oy

FAI Electronics AB

Future Electronics Kft.

Future Electronics Distribution (Spain) S.L.

<i>Country of operation</i>	<i>1998</i> £	<i>1997</i> £
France	2,256,679	2,350,723
France	1,085,320	482,234
Italy	2,104,378	1,888,652
Ireland	876,902	550,728
Denmark	751,353	533,372
Netherlands	660,263	456,716
Finland	385,953	382,472
Sweden	525,200	341,135
Hungary	-	216,375
Spain	519,748	166,565
	<u>9,165,796</u>	<u>7,368,972</u>

Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

20 RELATED PARTY TRANSACTIONS (CONTINUED)

	Country of operation	1998 £	1997 as restated £
<i>Amounts due from related parties</i>			
<i>Related party</i>			
Future Electronics Deutschland GmbH	Germany	6,951,175	6,135,120
Future Electronics Inc. (Distribution) PTE Ltd	Singapore	80,734	640,551
Future Electronics A.S.	Norway	1,503,828	570,004
Future Electronics Sp. z.o.o.	Poland	706,355	279,079
Future Electronics Distribution (Israel) Ltd	Israel	2,870,649	108,223
FAI Electronics AB	Sweden	-	71,018
Future Electronics S.r.L.	Italy	-	58,992
Future Electronics B.V.	Netherlands	-	19,635
Future Electronics Kft.	Hungary	513,008	17,174
Future Electronics Oy	Finland	-	9,088
Future Electronics (L) Ltd	Malaysia	55,415	-
		12,681,164	7,908,884
<i>Amounts owed to related parties</i>			
<i>Related party</i>			
Future Electronics Corp.	USA	6,974,849	6,176,871
F.E. Future Holding B.V.	Netherlands	2,684,916	2,879,200
Future Electronics S.A.	France	426,380	233,756
Future Electronics (Ireland) Limited	Ireland	544,331	155,669
Future Electronics A/S	Denmark	32,127	45,348
Future Electronics (L) Ltd	Malaysia	-	44,620
Future Electronics Distribution (Spain) S.L.	Spain	104,562	39,970
Future Electronics S.r.L.	Italy	235,422	-
Future Electronics Oy	Finland	51,113	-
FAI Electronics AB	Sweden	1,842	-
Future Electronics B.V.	Netherlands	118,251	-
		11,173,793	9,575,434
Future Electronics Inc.	Canada	1,630,249	28,451,295
		12,804,042	38,026,729

Future Electronics Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1998

21 ULTIMATE HOLDING COMPANY AND CONTROLLER

The company is a wholly owned subsidiary of Future Electronics Inc. which is incorporated in Canada. Future Electronics Inc. is also, in the opinion of the directors, the ultimate parent undertaking. The consolidated financial statements of Future Electronics Inc. are not available to the public.

Mr Robert Miller who controls 100% of the shares of Future Electronics Inc. is the company's ultimate controller.